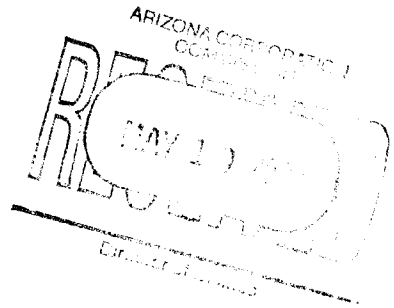


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

A

W-01578A
Aguila Water Services, Inc.
P. O. Box 1086
Sun City AZ 85351



ANNUAL REPORT

*Entered
5/20/03
Cym.*

FOR YEAR ENDING

12	31	2002
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FOR COMMISSION USE

ANN 04	02
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COMPANY INFORMATION

Company Name (Business Name) Aguila Water Services, Inc.

Mailing Address Box 1086

(Street)

Sun City

(City)

AZ

(State)

85372-1086

(Zip)

623 566 0167

Telephone No. (Include Area Code)

623 566 0167

Fax No. (Include Area Code)

602 527 6335

Pager/Cell No. (Include Area Code)

Email Address N/A

Local Office Mailing Address Same as Above

(Street)

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: F. A. (Andy) Bonnet

(Name)

President

(Title)

7820 West Pinnacle Peak Road

(Street)

Peoria

(City)

AZ

(State)

85383

(Zip)

623 566 0167

Telephone No. (Include Area Code)

623 566 0167

Fax No. (Include Area Code)

602 527 6335

Pager/Cell No. (Include Area Code)

Email Address N/A

On Site Manager: Jake Schmid

(Name)

Box 63

(Street)

Aguila

(City)

AZ

(State)

85320-0063

(Zip)

928 685 3098

Telephone No. (Include Area Code)

928 685 3098

Fax No. (Include Area Code)

602 290 7321

Pager/Cell No. (Include Area Code)

Email Address N/A

Statutory Agent: Victoria H. Bonnet

(Name)

7820 West Pinnacle Peak Road Peoria AZ 85383
(Street) (City) (State) (Zip)

623 566 0167 623 566 0167 602 527 6330
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: Norman D. James Fennemore & Craig

(Name)

3003 North Central Ave. Ste. 2600 Phoenix AZ 85012-2913
(Street) (City) (State) (Zip)

602 916 5346 602 916 5546 N/A
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input checked="" type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|--|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input checked="" type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME

Aguila Water Services, Inc

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	600		600
304	Structures and Improvements	22,272	14,587	7,685
307	Wells and Springs	112,039	16,226	95,813
311	Pumping Equipment	53,465	11,097	42,368
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	95,995	16,431	79,564
331	Transmission and Distribution Mains	231,199	183,951	47,248
333	Services	31,471	29,756	1,715
334	Meters and Meter Installations	32,942	23,012	9,930
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	17,067	16,354	713
340	Office Furniture and Equipment	15,568	11,535	4,033
341	Transportation Equipment	27,571	25,857	1,714
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	640,189	348,806	291,383

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME Aguila Water Services, Inc.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	600	0	0
304	Structures and Improvements	22,272		1,022
307	Wells and Springs	112,039		5,043
311	Pumping Equipment	42,283		2,452
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	95,995		6,218
331	Transmission and Distribution Mains	231,199		2,964
333	Services	31,471		382
334	Meters and Meter Installations	32,942		1,979
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	17,067		69
340	Office Furniture and Equipment	15,568		1,285
341	Transportation Equipment	27,571		1,143
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS			22,557

This amount goes on Comparative Statement of Income and Expense _____
Acct. No. 403.

COMPANY NAME Aguila Water Services, Inc.

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 32,997	\$ 19,884
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	19,784	18,801
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	2,902	2,902
162	Prepayments	3,796	7,385
174	Miscellaneous Current and Accrued Assets	251	796
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 59,730	\$ 49,768
	FIXED ASSETS		
101	Utility Plant in Service	\$ 407,602	\$ 612,618
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(301,535)	(322,950)
121	Non-Utility Property	27,571	27,571
122	Accumulated Depreciation – Non Utility	(24,714)	(25,857)
	TOTAL FIXED ASSETS	\$ 108,924	\$ 291,382
	TOTAL ASSETS	\$ 168,654	\$ 341,150

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$ 26,472	\$ 34,984
232	Notes Payable (Current Portion)	31,250	31,250
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	19,256	19,938
236	Accrued Taxes	5,548	6,166
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	22,137	
	TOTAL CURRENT LIABILITIES	\$ 104,663	\$ 92,338
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 76,953	\$ 257,522
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	29,048	29,048
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	15,373	373
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 44,421	\$ 29,421
	TOTAL LIABILITIES	\$ 226,037	\$ 379,281
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 29,365	\$ 29,365
211	Paid in Capital in Excess of Par Value	48,006	48,006
215	Retained Earnings	(134,754)	(115,501)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ (57,383)	\$ (38,130)
	TOTAL LIABILITIES AND CAPITAL	\$ 168,654	\$ 341,150

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 185,558	\$ 199,032
460	Unmetered Water Revenue		
474	Other Water Revenues	933	1,340
	TOTAL REVENUES	\$ 186,491	\$ 200,372
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 72,085	\$ 75,369
610	Purchased Water		
615	Purchased Power	11,615	12,863
618	Chemicals	3,016	1,150
620	Repairs and Maintenance	7,293	2,630
621	Office Supplies and Expense	2,678	2,859
630	Outside Services		
635	Water Testing		
641	Rents		
650	Transportation Expenses	6,425	8,527
657	Insurance – General Liability	5,307	8,387
659	Insurance - Health and Life	9,309	8,927
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	28,872	26,440
403	Depreciation Expense	32,622	22,557
408	Taxes Other Than Income	6,741	7,982
408.11	Property Taxes	4,786	5,860
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 190,748	\$ 183,551
	OPERATING INCOME/(LOSS)	\$ (4,257)	\$ 16,821
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 48	\$ 132
421	Non-Utility Income	8,357	3,300
426	Miscellaneous Non-Utility Expenses	(625)	(1,000)
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ 7,780	\$ 2,432
	NET INCOME/(LOSS)	\$ 3,523	\$ 19,253

COMPANY NAME Aguila Water Services, Inc.

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	March 23 01	Sept 30 01		
Source of Loan	WIFA	GMAC		
ACC Decision No.	63333			
Reason for Loan	System imp- rovements	Work Truck		
Dollar Amount Issued	\$ 252,192	\$25571.00	\$	\$
Amount Outstanding	\$ 247,825	\$19671.00	\$	\$
Date of Maturity	02/01/18	09/01/06		
Interest Rate	6.38%	3.9%		
Current Year Interest	\$ 5,162	\$ 867	\$	\$
Current Year Principle	\$ 4,367	\$ 4,778	\$	\$

Meter Deposit Balance at Test Year End \$ 10876.50

Meter Deposits Refunded During the Test Year \$ 905.50

COMPANY NAME Aguila Water Services, Inc.

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-086985	50	250	800	12	4	1969
55-592364	50	250	900	10	6	2002

- Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
NONE	-0-	-0-

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
25	2	-0-	-0-
5	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
100,000	1	5000	1
15,000	2	2000	1

COMPANY NAME

Aguila Water Services, INC.

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	29405
3	PVC	4147
4	PVC	16684
5	N/A	
6	PVC	24495
8	N/A	
10	N/A	
12	N/A	
3	AC	2600
4	AC	2252
6	AC	4680

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	196
3/4	0
1	69
1 1/2	3
2	3
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

NONE

STRUCTURES:

Shop Building

OTHER:

Equipment incidental to the operation & maintenance of a water utility.

COMPANY NAME: Aguila Water Services, Inc.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2002

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	278	2063600	21926
FEBRUARY	280	2095500	23286
MARCH	281	1956200	23913
APRIL	281	2813000	22534
MAY	283	3531500	31140
JUNE	280	3887100	36670
JULY	275	3537800	38140
AUGUST	278	2921200	46565
SEPTEMBER	278	2502500	39910
OCTOBER	279	2269300	30339
NOVEMBER	281	3162000	27982
DECEMBER	279	1970600	25634
TOTAL		N/A	361039

~~3278~~
32710300 cm

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes (x) No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (xx) No

If yes, provide the GPCPD amount: N/A

What is the level of arsenic for each well on your system. Minus .05 mg/l Well 1

(If more than one well, please list each separately)

Minus .05 Well 2

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Aguila Water Services, Inc.

YEAR ENDING 12/31/2002

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2002 was: \$ -0-

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. Cash Flow

COMPANY NAME Aguila Water Services, Inc. YEAR ENDING 12/31/2002

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported _____
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported _____
Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

7 a Bonnet

SIGNATURE

February 8, 2003

DATE

E. A. Bonnet

PRINTED NAME

President

TITLE

VERIFICATION AND SWORN STATEMENT Intrastate Revenues Only

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>Maricopa</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>F. A. Bonnet President</u>
COMPANY NAME	<u>Aguila Water Services, Inc.</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2002</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2002 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 211,365

(THE AMOUNT IN BOX ABOVE

INCLUDES \$ 12,333

IN SALES TAXES BILLED, OR COLLECTED

*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

F. A. Bonnet
SIGNATURE OF OWNER OR OFFICIAL

623 566 0167
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

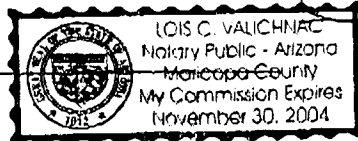
15

DAY OF

COUNTY NAME	<u>Maricopa</u>
MONTH	<u>may</u> / <u>2003</u>

(SEAL)

MY COMMISSION EXPIRES



SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

NAME (OWNER OR OFFICIAL) F. A. Bonnet		TITLE President
COMPANY NAME Aquila Water Services, Inc.		

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2002 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 211,365

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 12,333
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

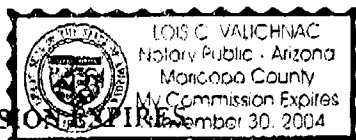
F A Bonnet
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS 15 DAY OF

NOTARY PUBLIC NAME LOIS C VALICHNAC	
COUNTY NAME Maricopa	
MONTH May	YEAR 2003

(SEAL)

MY COMMISSION EXPIRES



X Lois C. Valichnac
SIGNATURE OF NOTARY PUBLIC